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COUNCIL OF ECONOMIC MUTUAL AID

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In January of this year, a conference of the representatives of the Soviet Union and of the people's democracies was held in Moscow. It was deemed necessary at this conference to create a Council of Economic Mutual Aid for the purpose of assuring a broader economic collaboration among the participating countries.

This step has been taken because the governments of the United States, Great Britain, and some of the other states of western Europe have actually severed trade relations with the people's democracies and the Soviet Union.

The aim of the council is to exchange economic experiences, to organize reciprocal, technical assistance, and aid in raw materials, foods, machinery, equipment, etc. The basis of the collaboration of the council members is the full equality of rights of all participants. The council will take no action without the assent of the interested countries. It is open to membership by all European countries which approve the principles of the council and are stimulated by the same desire of broad economic collaboration.

The Council of Economic Mutual Aid advocates intensifying economic collaboratic between the Soviet Union and the people's democracies on one hand, and collaboration among these latter on the other hand -- collaboration which has been and is one of the most important aspects of the relations of all these states since their liberation by the Red Army.

The people's democracies have begun to construct the foundations of socialism through the nationalization of industries, transport, banking, and foreign trade, through increased domestic trade, and through the first steps for the mechanization of agriculture. The Communist and Workers' parties have struggled to establish the governments of the people's democracies and to promote socialism by identifying and liquidating the capitalist elements, by cementing the

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ties between workers and peasants, and by fulfilling and exceeding plans through introducing socialist competition. These are the internal factors which are leading to the strengthening of national independence, to raising the living standard for the workers, and to fostering socialism. The external factors are the political and economic assistance from the Soviet Union and the reciprocal aid of the people's democracies.

The form that this economic aid has taken up to now, and which the Council of Economic Mutual Aid proposes to develop still further, is long-term trade agreements. In this respect, the Hungarian-Soviet trade agreement of October 1948 calls for a volume of trade of 150 million dollars over a period of 17 months. On 15 January 1949, the Soviet Union concluded with Poland an agreement on the basis of which 715 million rubles of goods would be delivered by each contracting party during 1949. The volume of Czech-Soviet trade will be 45 percent greater in 1949 than in 1948. As for Rumania, the agreement signed on 24 January 1949 at Moscow calls for the exchange of goods valued at 465 million rubles, an increase by 250 percent over 1948.

Moreover, today Rumania is in a position to pay for imported raw materials with the products of its own industries, due to the orders and help of USSR. At the same time, through the activities of the Sovroms Rumania is assured domestic consumers' goods and export goods. Gheorghe Gheorghe-Dej, in his speech before the National Assembly on the occasion of voting for the State Plan for 1949, said: "Closer economic relations with the Soviet Union not only have helped and are helping to increase the economic power of the Rumanian People's Republic but also are protecting us from the serious economic difficulties which beset countries with a capitalist system."

Starting in 1947, the people's democracies have concluded among themselves agreements of long-term economic collaboration, which have effected an increase in the volume of trade between these countries. They have exchanged technical experiences and, in some cases, have collaborated in the field of industrial investments. To cite a single example, the Czech-Hungarian trade agreement signed 20 November 1948 runs for 5 years and calls for an exchange of goods worth 15 billion crowns. The agreement provides that Hungary will deliver to Czechoslovakia raw materials, food products, and industrial electrical products; and, in exchange, Czechoslovakia will deliver coke, wood, iron ore, and machinery. Since Czech heavy industry is highly developed, Czechoslovakia has taken orders for the delivery of 400 million dollars' worth of equipment to the people's democracies by 1952. This equipment will contribute greatly to the industrialization of these countries.

The countries participating in the Council of Economic Mutual Aid propose to extend the economic collaboration within the Council by reciprocal investments, especially for the development of heavy industry and the best possible preservation of natural resources, in addition to long-term trade agreements and scientific and technical assistance.

The importance of the Council of Economic Mutual Aid is shown by the action of Poland and Czechoslovakia who have instituted a bilateral council of economic cooperation in order to put into practice the Polish-Czech economic agreement. This council proposes to develop the natural resources, experience, and productive potential of these two states. It also plans to create 20 common, industrial enterprises with equally divided capital. The first enterprises will be a sugar mill at Dwory, a 120,000-kilowatt electric power plant at Oswiecim, which will deliver half of the generated electricity to Czechoslovakia over high-tension lines, and an important metallurgical center in the forntier coal district. The collaboration between these two countries in the field of transportation will be realized with Czechoslovakia opening for

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30 years a special zone on the Oder River, and Poland zone in the port of Szczecin for transporting and storing goods. A portion of the Czech river fleet will use Polish harbors.

Cooperation under the Council of Economic Mutual Aid will help the planning of every participating nation. The economies of the people's democracies and the Soviet Union differ in structure; the collaboration effected by the council actually makes these economies complementary.

The foreign trade of the people's democracies shows that until 1948 the Soviet Union had supplied the diverse needs of these countries. For example, the Soviet Union furnished Poland with machinery, tractors, petroleum, manganese, chromium, cotton hemp, fodder, and bread grains; Hungary with raw metals, coke, wood, and cotton; Bulgaria with machinery, petroleum products, metals and ores, chemicals rubber and rubber articles; Czechoslovakia with grain, meat, fats, wool, and cotton; Rumania with machinery, tractors, seeders, grain sorters, heavy transport vehicles, automobiles, ball bearings, optical and surgical instruments, medical supplies, rubber and rubber articles, cotton, wool, and other merchandise.

In turn, Czechoslovakia sent to the USSR, machinery, automobiles, porcelain, faience, and rubber textiles; to Poland, machinery, automobiles, bicycles, agricultural machinery, chemical products, rubber textiles, and raw materials for the ceramic industry; to Hungary, coke, automobiles, construction lumber, logs for building and for processing, paper, and mineral oils; to Bulgaria and Rumania, machinery, automobiles, heavy transport vehicles, seeders and grain sorters, lamps, special industrial chemicals, coke, refractory bricks, driving belts, and rubber articles.

Bulgaria has sent to all the participating countries large quantities of ores, volatile oils, tobacco, fruit juices, and furs.

Poland, the great coal supplier, has helped Czechoslovakia by sending coal, zinc, and machinery for the paper and textile industries. Rumania received: coke, coal, zinc, and refractory bricks. Hungary received: coal, coke, raw metals, and carbide. The USSR received: coal, coke, cement, railroad material, textiles, and sugar.

Hungary sent to the USSR: cotton goods, cotton thread, electrical machinery and equipment, crude oil, and fruit preserves; to Rumania: electric bulbs, tanned hides, medical supplies, and rubber articles; to Poland: mineral oil, medical supplies, alkaloids, and fruit; to Czechoslovakia: mineral oil, lignite, tanned hides, and fresh and preserved fruit.

Rumania, in turn, could be useful to the other members of the council by sending to the USSR, lumber, petroleum and petroleum products, tarred paper, cement, window glass, and glass articles; to Czechoslovakia, grains, meat, fats fruits, and petroleum; to Hungary, lumber, firewood, logs for building and processing, mineral oil, and window glass; to Poland, gasoline, motor fuel, petroleum coke, manganese ore, zinc ore, mineral oil, lumber, and corn; to Bulgaria, gasoline, motor fuel, petroleum, tar, mineral oil, window glass and glass articles, lumber, potatoes, and corn.

While, in each of the countries forming the new council, economy is planned, there is evidence of difficulties and problems in the development of this economy. The shortcomings in the economy of the respective countries will be examined and corrected under this broad, planned, economic collaboration, an achievement of the Council of Economic Mutual Aid.

Although the industrial installations in the west had suffered much less than those in the people's democracies in the course of the war, the development of industrial production is more favorable in the east. For example in the fall of 1948

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industrial production in France was 97 percent of that in 1937, in Belgium 85 percent, in Italy 83 percent, and in Bizonia 40 percent. In contrast to this, industrial production in the Soviet Union and in the people's democracies greatly exceeded the prewar level.

Despite war damage, the industrial production of the Soviet Union in 1948 was 118 percent of the 1940 level. In Czechoslovakia production was 110 percent of the prewar level, in Poland 151 percent, in Hungary 127 percent, and in Bulgaria 158 percent. (The increase in absolute production figures becomes greater as the economy of these countries develops, whereas the percentages of increase become smaller as the base of the prewar economy is further extended.) In the Rumanian People's Republic, the prewar level has been exceeded considerably in many important branches of industry.

The formation of the Council of Economic Mutual Aid has been received enthusiastically by the working masses of Rumania and all the member countries. The aims of the council are the broadening and the consolidating of socialist economy and the strengthening of "the economic basis of the democratic and anti-imperialistic camp against the Marshall Plan, against the plans of American imperialism to enslave peoples." Comrade Vasile Luca has said that the workers of the enterprises, of the fields, and of all institutions in the Rumanian People's Republic are actively engaged in fulfilling and exceeding the State Plan for 1949.

Only with the realization of the plan in each of the participating countries will the objectives of the newly created council be attained: the recreating of the war-torn economy of the member countries, the development and the consolidation of socialism, the raising of the standard of living of the workers, the guaranteeing of national independence, and the strengthening of the camp of peace and socialism.

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